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IN THE CLAIMS:

Please cancel claims 1-19 and enter new claims 20-25 as follows:

Claims 1-19 (cancelled).

20. (new) An exfoliated clay-filled polyolefin composition prepared by a process which comprises:

- (a) treating a non-acid-treated smectite clay with a Ziegler-Natta catalyst in the presence of a hydrocarbon; and
- (b) polymerizing an olefin in the presence of the treated clay and an organoaluminum cocatalyst selected from the group consisting of trialkylaluminums, triarylaluminums, alkyl aluminum halides, alkyl aluminum dihalides, and mixtures thereof.

21. (new) The exfoliated clay-filled polyolefin composition of claim 20 wherein the olefin is selected from the group consisting of ethylene, propylene, 1-butene, 1-hexene, 1-octene, and mixtures thereof.

22. (new) The exfoliated clay-filled polyolefin composition of claim 20 wherein the smectite clay is surface treated with a silicon-containing compound or a monoalkyl metal compound prior to treatment with the Ziegler-Natta catalyst.

23. (new) The exfoliated clay-filled polyolefin composition of claim 20 wherein the smectite clay is used at a level of from about 0.1% to about 15% by weight based on the amount of polyolefin.

24. (new) The exfoliated clay-filled polyolefin composition of claim 20 wherein the smectite clay is used at a level of from about 1% to about 10% by weight based on the amount of polyolefin.

25. (new) The exfoliated clay-filled polyolefin composition of claim 20 wherein the smectite clay is used at a level of from about 4% to about 6% by weight based on the amount of polyolefin.